



新興重型機械有限公司
SIN HENG HEAVY MACHINERY LIMITED

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ACQUISITION OF 50% EQUITY INTEREST IN SH EQUIPMENT PTE. LTD.

Further to the announcement made on 14 March 2012 and 14 January 2013 respectively in relation to the establishment of joint venture and incorporation of SH Equipment Pte. Ltd. ("**SH Equipment**") and SH Equipment (Myanmar) Company Limited ("**SH Equipment (Myanmar)**"), the Board of Directors of Sin Heng Heavy Machinery Limited (the "**Company**") wishes to announce that the Company has today acquired a 50% equity interest in SH Equipment from its joint venture partner, Starhigh Asia Pacific (Pte. Ltd.) (the "**Acquisition**"). Upon completion of the Acquisition, SH Equipment shall become a wholly-owned subsidiary of the Company.

Details of the Acquisition are as follows:

- (1) Number of ordinary shares acquired: 250,000.
- (2) Purchase consideration: Singapore Dollars Three Hundred Sixty Seven Thousand One Hundred Seventy Six and Twenty Eight Cents (S\$367,176.28). The purchase consideration is derived as follows:
 - (i) by multiplying the amount of Starhigh Asia Pacific (Pte. Ltd.)'s fully issued and paid-up capital in SH Equipment by one and a half times; and
 - (ii) subtracting the amount in (2) (i) above by Singapore Dollars Seven Thousand Eight Hundred Twenty Three and Seventy Two Cents (S\$7,823.72), being half of the bonuses paid by the SH Equipment to its employees as at December 2013.
- (3) Based on SH Equipment's unaudited financial statement as at 31 December 2013, the following figures are attributable to the 50% equity interest in SH Equipment:
 - (i) the net tangible asset of negative Singapore Dollars Thirty Thousand Nine Hundred and Thirty Five (-S\$30,935); and
 - (ii) the book value of negative Singapore Dollars Thirty Thousand Nine Hundred and Thirty Five (-S\$30,935).
- (4) Under the terms of the Acquisition, Starhigh Asia Pacific (Pte. Ltd.) further agreed to assign its right under a shareholder's loan owing by SH Equipment to Starhigh Asia Pacific (Pte. Ltd.) to the Company ("**Shareholder's Loan**") and in consideration the Company agreed to pay the sum of Singapore Dollars Three Hundred Twenty Five Thousand (S\$325,000), being the face value of the Shareholder's Loan, to Starhigh Asia Pacific (Pte. Ltd.).
- (5) The consideration payable by the Company to Starhigh Asia Pacific (Pte. Ltd.) under (2) and (4) above was satisfied wholly in cash.

The Board is of the view that the Acquisition is of commercial benefit to and in the commercial interest of the Company.

The above investment is funded through the Company's internal resources and is not expected to have any material impact on the consolidated earnings per share and the net tangible asset per share of the Company and its Group for the current financial year ending 30 June 2014.

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the above transactions.

By Order of the Board

Tan Cheng Soon Don
Managing Director

23 January 2014